

Education and Workforce Development Cabinet

Kentucky's unemployment rate under 8 percent for third straight month in February 2014

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FRANKFORT, Ky. (March 20, 2014) — Kentucky's seasonally adjusted preliminary unemployment rate inched up to 7.8 percent in February 2014 from a revised 7.7 percent in January 2014, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary February 2014 jobless rate was .4 percentage points below the 8.2 percent rate recorded for the state in February 2013.

The U.S. seasonally adjusted jobless rate also went up a percentage point from 6.6 percent in January 2014 to 6.7 percent in February 2014, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In February 2014, Kentucky's civilian labor force was 2,053,530, an increase of 7,662 individuals compared to the previous month. Employment was up by 5,889, while the number of unemployed increased by 1,773.

"After stubbornly staying in the mid-8 percent range for two years, the unemployment rate has now been under 8 percent for three consecutive months. During this period, employment has increased steadily, too," said economist Manoj Shanker of the OET. "Accompanying this bit of good news is a new economic reality in that the labor force and employment have shrunk compared to a year ago. That's related primarily to demographics and the aging population."

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment was down by 400 jobs to 1,828,400 in February 2014 from the previous month. On an over-the-year basis, the state's nonfarm employment has dropped by 5,800 jobs.

"The two surveys usually move in the same direction, but sometimes, as it happened in February, the numbers diverge. But the decline from a year ago is consistent in both surveys," said Shanker.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, six of Kentucky's 11 major nonfarm North American Industry

Classification System (NAICS) job sectors registered gains in employment, while four declined and one stayed the same.

Kentucky's leisure and hospitality sector jumped by 1,900 jobs in February 2014. Since February 2013, the sector has increased by 700 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

"Employment in hotels and restaurants has remained firm in response to consumer confidence and increased spending," said Shanker.

The state's manufacturing sector added 1,600 positions in February 2014. Since February 2013, employment in manufacturing has fallen by 1,600 jobs.

"The economy's fundamentals are improving. One of the factors driving up our manufacturing employment is exports, especially of aerospace and motor vehicle parts, as well as pharmaceuticals," said Shanker.

The educational and health services sector rose by 600 positions in February 2014. The sector has gained 700 jobs since February 2013.

The information sector increased by 300 positions in February 2014. This segment has declined by 200 positions since February 2013. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Kentucky's trade, transportation and utilities sector gained 300 jobs in February 2014. This is the largest sector in Kentucky with 366,600 positions, and accounts for about 20 percent of nonfarm employment. Since February 2013, jobs in this sector have declined by 3,000.

"Retail trade employment has declined for five straight months, while wholesale has picked up. Part of the explanation lies in the recent e-commerce sales data released by the Census Bureau. It shows that online sales now account for 7 percent of all retail sales," said Shanker.

The government sector, which includes public education, public administration agencies and state-owned hospitals, added 300 jobs in February 2014. The sector had 2,200 more jobs compared to February 2013.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, was unchanged from January 2014 to February 2014. Compared to a year ago, 900 jobs have been added.

Employment in the mining and logging sector fell by 200 in February 2014. The number of jobs in this sector has dropped by 100 since last February.

"The economics of the energy industry has changed rapidly because of the availability of cheap natural gas. This caused a decrease in one-quarter of all mining jobs in Kentucky between January 2012 and December 2013," said Shanker.

The state's construction sector posted a decrease of 300 positions in February 2014 from a month ago. Since February 2013, employment in construction has declined by 300 jobs.

The financial activities sector fell by 1,300 jobs in February 2014. Compared to February a year ago, businesses involved in finance, insurance, real estate and property leasing have decreased by 2,900 jobs.

The state's professional and business services sector lost 3,600 jobs in February 2014. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last February, jobs in the sector have decreased by 2,200.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.